



Amy L. Alvarez
District Manager
Federal Government Affairs

Suite 1000
1120 20th Street, NW
Washington DC 20036
202-457-2315
FAX 202-263-2601
email: alalvarez@att.com

April 26, 2002

BY ELECTRONIC FILING

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWB-204
Washington, D.C. 20554

Re: Application by Verizon New Jersey, *et al.*, for Authorization To Provide
In-Region, InterLATA Services in New Jersey, WC Docket No. 02-67

Dear Ms. Dortch:

Commission Staff of the Wireline Competition Bureau has requested AT&T Corp. ("AT&T") to provide certain information regarding the wholesale bills that it receives from Verizon New Jersey ("Verizon"). This letter responds to the Staff's requests.

First, the Staff asked AT&T to identify any respects in which Verizon's electronic BOS BDT bills fail to comply with the industry billing guidelines established by the Ordering and Billing Forum ("OBF"), in addition to those that AT&T has previously identified in this proceeding. AT&T has already described in its comments the respects (of which AT&T is aware) in which the BOS BDT bills deviate from OBF guidelines.

Specifically, AT&T has described Verizon's use of telephone numbers as the "left-hand" field identifiers ("FIDs") on customer service records ("CSRs") for UNE loops – in contrast to OBF guidelines, which call for the use of circuit numbers as such FIDs on UNE loop CSRs. See AT&T Reply Comments at 10 n.12.¹ The BOS BDT bill is based on the details in

¹ In its reply comments, Verizon disputes AT&T's contention that its use of phrase code X99 in the BOS BDT electronic bill is inconsistent with OBF guidelines. See Supplemental Reply Declaration of Kathleen McLean, Raymond Wierzbicki, and Catherine T. Webster ("Verizon OSS Reply Decl."), ¶¶ 43-44; AT&T Kamal Decl. ¶ 17. However, even assuming that Verizon's use of phrase code X99 is a "company-to-company variation" permitted by the OBF guidelines, AT&T is precluded from auditing BOS BDT bills effectively (or using its own billing systems efficiently) because Verizon has employed multiple definitions for phrase code X99, rather than

the CSR. Because AT&T has designed its internal billing systems to reflect OBF guidelines, CSRs for UNE loops are unreadable -- and BOS BDT bills for loops are therefore unverifiable. *Id.* To the best of AT&T's knowledge, Verizon is the only RBOC that uses telephone numbers as the "left-hand" FID on CSRs for UNE loops, rather than use the circuit number as described in the OBF guidelines.²

Staff also asked whether other CLECs have experienced the same problems with the BOS BDT bill as those described by AT&T. AT&T can provide direct evidence only of its own experience with Verizon's electronic bill, and has no such evidence regarding the experience of other CLECs. AT&T notes, however, that the absence of claims of similar problems by other CLECs cannot reasonably be regarded as evidence that the problems do not exist or are non-systemic. Other CLECs may not be encountering these problems because they may be using a different entry strategy (such as resale) than AT&T, or may be making only very limited use of the numerous fields in the BOS BDT bill. Although the OBF guidelines were developed to enable CLECs to use all of the fields on the BOS BDT bill, some CLECs may

use different phrase codes for each situation. For example, Verizon has used the X99 code to cover both usage adjustments and adjustments for recurring charges. Because multiple definitions are associated with this code, AT&T's systems will "flag" a BOS BDT bill whenever the code appears, requiring AT&T to perform a manual review to determine whether the information on the bill is correct. This makes a fully electronic audit of the bill impossible -- even though the purpose of the BOS BDT bill is to avoid the manual reviews that are required with paper bills. There is no reason why Verizon cannot use different phrase codes for each situation, and eliminate multiple definitions under the same code. Indeed, Verizon admits that last February it "introduced an expanded set of (Verizon-specific) phrase codes and text for Wholesale BOS BDT" in New Jersey and other states in its region last February. Verizon OSS Reply Decl. ¶ 45.

² Even leaving aside Verizon's failure to comply fully with industry billing guidelines, AT&T has been unable to use BOS BDT bills to verify the accuracy of Verizon's charges because they have not been properly formatted. For example, Verizon has failed to provide a telephone number for every charge (coded according to the Universal Service Order Code) that is listed on the bill. AT&T Opening Comments at 19-20 & Kamal Decl. ¶ 15. Verizon's assertion in its reply comments that it "does provide" telephone numbers for each charge on its New Jersey BOS BDT bills is both contrary to the evidence and highly misleading. Verizon cites only its February and March 2002 BOS BDT bills to AT&T as the basis for its assertion. Verizon OSS Reply Decl. ¶ 42. Prior to February 2002, however, Verizon did not provide telephone numbers for each charge on the BOS BDT bill, despite persistent requests by AT&T that Verizon correct the problem. Although AT&T's bills for February and March 2002 appear to include a telephone number for each charge, two months of bills are an insufficient basis for concluding that the problem has been fixed. AT&T Opening Comments at 19-21 & n.9 & Kamal Decl. ¶¶ 14-16, 20. This is particularly the case because the problem is still occurring on BOS BDT bills that AT&T is receiving in Pennsylvania, despite Verizon's claim that it has implemented a "system enhancement" to correct the problem in that State. See AT&T Opening Comments at 20; Verizon OSS Reply Decl. ¶ 42.

choose to use only some of them. Thus, for example, if a CLEC chooses to use only the dollar amount on the bill, it is unlikely to encounter problems experienced by CLECs which, like AT&T, use the full set of fields on the bill.

Second, Commission Staff asked AT&T to state the percentage of errors attributable to each problem that AT&T identified with respect to Verizon's paper wholesale bills, and the months in which such errors were observed. The problem to which the Staff is referring is Verizon's erroneous inclusion of charges for vertical features, at retail rates, on the paper bills that AT&T receives for the UNE platform. *See* AT&T Comments at 21-22. Although the erroneous retail charges are not always for the same service (for example, one bill may include a charge for Touch-Tone, while another may include a charge for call waiting), the problem is really a single one – the assessment of charges *both* for unbundled switching *and* for retail services on the wholesale UNE-P bill – and may be systemic, since it occurs only when the customer is taking certain services. *Id.* at 22.

As AT&T indicated in its Comments, AT&T reviewed a sample of VNJ's monthly UNE-P paper bills dated February 10, 2002, to determine the extent to which these bills included charges for vertical features at retail rates. AT&T found that bills for 2.65 percent of the 264 accounts reviewed, and 2.03 percent of all of the working telephone numbers involved in the accounts, contained charges for retail services such as call waiting. *See* AT&T Comments at 22 & Kamal Decl. ¶ 26.

AT&T has not calculated the extent to which Verizon has committed such errors on bills other than those for February 2002, or conducted a review of all February 2002 bills (other than the sample described in AT&T's Comments) to calculate the extent to which Verizon has included retail charges on those bills.³ As AT&T has previously explained, AT&T has not done so because of the enormous amount of time and expense that would be required to review all of its UNE-P paper bills for errors. A complete analysis of even one month's paper bills would require the manual review of thousands of pages, with manual identification of each erroneous charge. It is precisely because such a review would be so prohibitively costly and time-consuming that AT&T conducted a review only of a 5 percent sample of its February 2002 bills. AT&T Comments at 22 & Kamal Decl. ¶ 28.

Even leaving aside the errors already identified in AT&T's review, Verizon has now *admitted* that it has erroneously included charges for retail services on wholesale bills. In its reply comments, Verizon states that the errors described by AT&T "resulted from order-writing errors in setting up the accounts in the May – June 2001 timeframe, which cause the features to carry a retail rate rather than a zero rate." Verizon OSS Reply Decl. ¶ 51. Verizon further states that it "has identified the occurrences of these errors for AT&T *and other CLECs* in

³ As discussed below, in the course of reviewing certain UNE-P bills for November 2001 and January 2002, AT&T determined that some of these bills also contained charges for vertical features. However, these bills represented only a handful of the total bills received by AT&T for the two months, and were being reviewed primarily to determine whether the January 2002 bills correctly charged the UNE rates prescribed by the BPU in November 2001.

New Jersey, and is in the process of correcting the errors and issuing credits.” *Id.* (emphasis added). In short, Verizon has acknowledged not only that it has committed these errors, but that (1) the problem has persisted since May and June 2001, and (2) the errors were committed on bills for numerous CLECs – not simply on bills provided to AT&T. These admissions, of course, are totally inconsistent with Verizon’s previous (and repeated) assurances to this Commission and the New Jersey Board of Public Utilities that its paper bills are correct. Moreover, although Verizon asserts that it is currently correcting the errors and issuing credits, at this stage it cannot be assumed that Verizon will fully do so.⁴

Although Verizon attempts to minimize the problem by asserting that these errors occur in less than one percent of cases (*id.*), AT&T’s sample of February bills shows that the rate is closer to 2 to 3 percent. Moreover, AT&T’s sample has revealed that, when Verizon erroneously includes retail charges on a UNE-P wholesale bill, the error on the bill is substantial. The table attached hereto as Attachment 1 lists five of AT&T’s UNE-P bills (with dates ranging from November 2001 to February 2002) where Verizon included retail charges – and the inclusion of those charges was the only error on the bill.⁵ As Attachment 1 demonstrates, the erroneous retail charges represent between 29 and 54 percent of the total charges on the bill. On average, the erroneous charges constituted 39 percent of all charges billed to those accounts. These percentages are significant under any standard.

Third, Commission Staff requested AT&T to provide a dollar value for the erroneous charges. As previously indicated, AT&T has not determined the total amount of the erroneous charges billed, because of the substantial time and expense that would be required. The data described herein, however, indicate that the dollar value of the errors constitute nearly 40 percent of all charges on those UNE-P bills where retail charges are included.

Fourth, Commission Staff asked whether the results of AT&T’s sample of February 2002 UNE-P bills are representative of other months. They are. Verizon has erroneously included retail charges on AT&T’s paper wholesale bills for UNE-P since AT&T began providing UNE-P service last year. For example, three of the bills with such errors that are described in Attachment 1 were issued either in November 2001 or January 2002. Although

⁴ Although Verizon claims that it is in the process of issuing credits, Verizon previously has failed to provide full adjustments for erroneously-included charges for vertical features. For some of the claims submitted by AT&T for such adjustments, Verizon adjusted the account only for the most recent month’s bill where the error was detected by AT&T, rather than provide adjustments for all months since the customer migrated to AT&T. In such situations, AT&T has been required to expend additional time and resources to receive a full adjustment. AT&T Comments at 22.

⁵ Each of the five bills are bills for which AT&T has submitted claims limited to inappropriate retail charges for Touch-Tone or other vertical features. The five bills constitute a representative sample of AT&T’s UNE-P bills where the inclusion of retail charges was the only error detected on the bill. The five bills do not include, for example, bills where Verizon included not only retail charges for vertical features but other inappropriate charges as well.

AT&T has not performed a review of all of its UNE-P bills, it is AT&T's belief that the error rate found in the sample of February 2002 bills was at least as high in bills for other months as well. Most important, Verizon admits in its reply comments that the errors have occurred since "the May – June 2001 timeframe," when Verizon committed "order-writing errors in setting up the accounts." Verizon OSS Reply Decl. ¶ 51.

Fifth, Commission Staff asked whether the error rate of approximately 2 percent found in the February sample is higher than that experienced with other BOCs. AT&T has not conducted a study of wholesale bills that it receives from other BOCs for the specific purpose of determining the extent to which charges for vertical features are being included on wholesale bills for the UNE platform. In fact, AT&T conducted the sample of Verizon's UNE-P paper bills for February 2002 only after it discovered such errors in the course of comparing some bills for November 2001 and January 2002 to determine whether the charges in the bills for UNEs were consistent with the new UNE rates prescribed by the New Jersey BPU.⁶ It was in the course of conducting that review that AT&T found the inclusion of retail charges on a number of its UNE-P bills.

Regardless of what the error rates of other BOCs may be, however, the inclusion of retail rates on Verizon's UNE-P bills should *never* occur, since CLECs ordering the UNE platform are entitled to provide vertical services without being assessed additional charges by the BOC. AT&T Comments at 21 & Kamal Decl. ¶ 25. Furthermore, whether the error rate is between 2 and 3 percent (as AT&T's sample found) or is slightly less than 1 percent (as Verizon claims in its reply comments), such errors have a significant competitive impact. Profit margins for the provision of service through the UNE platform are already slim or, in the case of residential service, nonexistent in New Jersey.⁷ The increase in CLECs' costs resulting from Verizon's billing errors make provision of UNE-P residential service even more unprofitable, thereby impairing meaningful UNE-P residential entry in the State.

Verizon's own system of reporting performance data recognizes that, in the context of billing accuracy, an error rate of 1 or 2 percent can be competitively significant. For June and October 2001, for example, Verizon's reported data for billing accuracy showed a lack of parity (as defined by the "Z" factor in the Carrier-to-Carrier Reports) in situations when the

⁶As AT&T has previously shown, as a practical matter CLECs cannot use paper bills to verify the accuracy of Verizon's charges, because auditing the thousands of pages of paper bills would be prohibitively costly and time-consuming. Only with adequate electronic bills in BOS BDT format (which Verizon has failed to provide) could AT&T review or audit the accuracy of all of Verizon's wholesale bills. AT&T Comments at 21 & Kamal Decl. ¶ 12.

⁷ The comments of the CLECs in response to Verizon's previous application (CC Docket No. 01-347) demonstrated that the inflated levels of Verizon's switching rates precluded meaningful residential UNE-P entry in New Jersey. *See, e.g.*, AT&T Reply Comments filed February 1, 2002, at 5, 10; WorldCom Comments filed January 14, 2002, at 5-6.

Marlene H. Dortch
April 26, 2002
Page 6

billing error rate for CLECs was 2 percent or less, but exceeded the corresponding rates for Verizon's retail bills (which have consistently low error rates).⁸

Sincerely,



Attachment

cc: Alexis Johns
Brent Olson
Susan Pie
Rob Tanner
Ann Berkowitz

⁸For purposes of Performance Measurement BI-3-03-2030 (Percent Billing Adjustments – Excluding Charges Due To Post Completion Discrepancies), the BPU has established a standard of parity with Verizon's retail operations. The parity standard was not met for June 2001, where the rate for CLECs was 2.02 percent and the rate for Verizon was 1.65 percent. Similarly, in October 2001, the rate for CLECs was 1.35 percent, but the parity standard was not met because the rate for Verizon was 1.06 percent. *See* Application, Supp. Appendix C, Tab 2 at 20.

ATTACHMENT 1

Review of five VNJ wholesale paper bill accounts where AT&T has issued billing claims and VZ has replied to those claims concerning inappropriate retail charges for Touch Tone or other vertical features.

Bill Date	Tel #	Claim \$	Bill \$	Claim %	VZ credit \$
1/20/02	973-██-5048	\$ 6.59	\$15.25	43%	\$60.30
2/10/02	201-██-3959	\$12.74	\$23.55	54%	\$110.41
2/10/02	201-██-1777	\$ 9.66	\$21.85	44%	\$103.74
11/10/01	201-██-9850	\$15.16	\$39.15	39%	\$126.84
11/10/01	201-██-5974	\$12.35	\$43.33	29%	\$118.66
Average		\$11.30	\$28.63	39%	